

Message Text

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43

ACTION NEA-13

INFO OCT-01 ISO-00 EB-11 COME-00 SSO-00 NSCE-00 SS-20

NSC-10 CIAE-00 INR-10 NSAE-00 RSC-01 INRE-00 FEA-02

INT-08 SCI-06 TRSE-00 L-03 /085 W

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O 311205Z JAN 74

FM USINT CAIRO

TO SECSTATE WASHDC IMMEDIATE 5184

C O N F I D E N T I A L CAIRO 498

E.O. 11652: GDS

TAGS: BEXP EG

SUBJECT: SUMED NEGOTIATIONS

1. BECHTEL RECEIVED FOLLOWING LETTER FROM THE GENERAL
ORGANIZATION FOR INDUSTRIALIZATION DATED 31 JANUARY 1974.
TEXT IS AS FOLLOWS:

QUOTE

"MESSRS/BECHTEL INTERNATIONAL INCORPORATED
50 BEALE STREET, SAN FRANCISCO,
CALIFORNIA
U.S.A.

ATTEN MR. O'CONNELL

DEAR SIR,

WITH REFERENCE TO ARTICLE 55 OF THE CONTRACT AND THE PRE-
CONDITIONS FOR THE EFFECTIVE DATE, WE HAVE THE PLEASURE TO
CONFIRM THAT, FROM OUR SIDE THE ABOVE MENTIONED PRECONDITIONS
HAVE BEEN FULFILLED AS FOLLOWS:

1. THE 10 PERCENT DOWN PAYMENT, REFERRED TO IN ARTICLE 55.1 (A)
HAS BEEN DEPOSITED IN THE NATIONAL BANK OF EGYPT IN YOUR
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FAVOR AND YOU HAVE BEEN ASKED BY THE NATIONAL BANK OF

EGYPT (TELEXES DATED 23/1/1974 AND 27/1/1974) TO SUBMIT THE REQUIRED LETTER OF GUARANTEES IN ACCORDANCE WITH THE PROVISIONS OF THE CONTRACT.

2. WE HEREBY NOTIFY YOU THAT OUR COMPETENT AUTHORITIES HAVE APPROVED THE CONTRACT SIGNED BETWEEN US ON 14TH DECEMBER, 1973 AND ALL FINANCING ARRANGEMENTS HAVE BEEN COMPLETED.

3. THE ARABIAN PIPELINE COMPANY HAS NOW BEEN ESTABLISHED BY LAW. ACCORDING TO SAID LAW, THE SHARE HOLDERS HAVE UNDERTAKEN TO PAY THEIR SHARES UP TO THE AGGREGATE OF 400,000,000 U.S. DOLLARS, OUT OF WHICH 345,375,000 U.S. DOLLARS, (AND ANY INCREASE TO BE AGREED UPON), ARE ALLOCATED TO FINANCE THE CONTRACT SIGNED WITH YOU. SUCH UNDERTAKING BY THE SHARE HOLDERS IS CONSIDERED BY US THE SATISFACTORY FINANCIAL GUARANTEE REQUIRED BY ARTICLE 55.1 (A) OF THE CONTRACT.

HOWEVER, THIS SUBJECT CANNOT DELAY THE COMING INTO FORCE OF THE CONTRACT, AS THE ARABIAN PIPELINE COMPANY ALREADY FORMED MAY CONSIDER ANY OTHER SATISFACTORY GUARANTEE TO BE AGREED UPON DURING THE MONTH OF FEBRUARY 1974.

4. WE THEREBY CONFIRM OUR WILLINGNESS TO OPEN THE LETTERS OF CREDIT AS REQUIRED BY THE CONTRACT AFTER RECEIVING YOUR INSTRUCTIONS AND AGREEING ON THE TECHNICALITIES OF THE SAID LETTERS. (OUR TELEX DATED 22/1/74).

AS LISTED ABOVE YOU CAN SEE DEAR MR. O'CONNELL THAT THE ORGANIZATION HAS FULFILLED ALL ITS OBLIGATION TO ACHIEVE THE EFFECTIVE DATE OF THE CONTRACT AND WE KINDLY ASK YOU TO EFFECT ALL YOUR OBLIGATIONS MENTIONED IN ARTICLE 55 OF THE CONTRACT IN ORDER TO ACHIEVE THE EFFECTIVE DATE BY THE END OF JANUARY 1974.

WE REMAIN,
YOURS FAITHFULLY,
DR. TAHER A. HASSAN

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UNQUOTE

2. BECHTEL POINTS OUT WHILE SOME ELEMENTS ARE SATISFACTORY, OTHERS ARE NOT. O'CONNELL AND BECHTEL TEAM ARE NOW WORKING ON WRITTEN REPLY POINTING OUT DIFFERENCES.

3. WE SUGGESTED THAT BECHTEL GROUP SHOULD ALSO IMMEDIATELY CONTACT TAHIR AMIN FOR MEETING LATER TODAY, AT WHICH

DIVERGENCES CAN BE DISCUSSED. GIVEN SORT TIME SPAN, THIS SHOULD NOT BE HANDLED THROUGH WRITTEN EXCHANGES ALONE. WE ALSO SUGGESTED THAT THAIR AMIN BE ASKED TO ARRANGE MEETING LATER WITH DEPUTY PRIME MINISTER HEGAZI, AS HAD BEEN AGREED UPON TWO EVENINGS AGO.

4. WE ALSO OFFERED TO BE OF ASSISTANCE IN LUBRICATING DIALOGUE, E.G., USINT CALLING AMIN TO URGE MEETING BE SCHEDULE. BECHTEL GROUP IS CONSIDERING OUR OFFER. WE ARE REMAINING IN CLOSE TOUCH.

5. BECHTEL REQUESTS THAT TEXT OF ABOVE LETTER (PARA1) BE TELEPHONED TO KEITH THOMPSON OF BECHTEL OFFICE, WASHINGTON D.C. TELEPHONE NO 393-4747 WITH REQUEST HE ALSO FORWARD TEXT IMMEDIATELY TO S.D. BECHTEL, JR. AND W. S. SLUSSER. BECHTEL ASKED FOLLOWING ORAL MESSAGE ALSO BE PASSED TO THOMPSON IN ADDITION, "WE HERE DO NOT FIND ITEM 3 IN LETTER TO BE A SATISFACTORY GUARANTEE AND ARE SO ADVISING SUMED. G.F. O'CONNELL".

6. ADDENDUM: HART HAS JUST CALLED TO ADVISE TAHIR AMIN HASSAN HAS ASKED O'CONNELL AND BECHTEL GROUP MEET WITH HIM 1800 TONIGHT. EILTS

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Message Attributes

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Concepts: n/a
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Draft Date: 31 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: GS
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30 JUN 2005

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Secure: OPEN
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Subject: SUMED NEGOTIATIONS
TAGS: BEXP, EG
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Type: TE
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